

## **TEXT OF REGULATIONS**

### **CALIFORNIA CODE OF REGULATIONS**

#### **Title 4. Business Regulations**

#### **Division 11. California Pollution Control Financing Authority**

#### **Article 10. Sustainable Communities Grant and Loan Program—Grants**

##### **§ 8110. Definitions.**

The following definitions shall govern construction of Article 10.

- (a) "Alternative Funding Sources" means the Applicant's internal sources of funds typically used to fund projects similar to the Applicant's Project and other state, federal, local or private sources of funds that are be available for similar projects.
- (b) "Applicant" means any county, city and county, or city applying for program funding. The Applicant may partner with a public entity including, but not limited to, a redevelopment agency or joint powers authority.
- (c) "Application" means the information referred to in Section 8112.
- (d) "Authority" means the California Pollution Control Financing Authority, organized and existing under and by virtue of Division 27 (commencing with Section 44500) of the California Health and Safety Code.
- (e) "Economically Distressed" means high unemployment levels, low-income levels, and/or high poverty.
- (f) "Executive Director" means the Executive Director of the California Pollution Control Financing Authority.
- (g) "Eligible Costs" means reasonable and necessary Project costs that may include, but not be limited to, costs associated with any of the following:
  - (1) The planning and implementation processes for programs, plans (e.g., general plans, or portions thereof; specific plans, or portions thereof; alternative transportation studies; finance plans; redevelopment plans; engineering studies; the hiring of consultants to assist in the planning process; or similar type expenses).
  - (2) Costs associated with funding projects such as a community center, park enhancements, or infrastructure improvements that are key elements of a comprehensive community or neighborhood sustainable development project.
  - (3) Costs associated with facilitating public involvement (e.g., public hearings, information meetings, or similar type activities) related to developing policies, programs and projects.
  - (4) Costs associated with hiring technical experts to identify, assess, and complete applications for state, federal and private economic assistance programs that fund sustainable development and sound environmental policies and programs.
  - (5) Travel, telephone, postage and similar administrative expenses directly related to the project.
  - (6) Staff time (including staff training expenses) directly related to the Project.
- (h) "First Priority" means Applicants that establish a case that there exists a Lack of Resources to complete their Projects.
- (i) "Grant" means a grant made in accordance with the procedures set forth in this Article 10.
- (j) "Grantee" means an Applicant whose Grant has been approved and has executed a Grant Agreement.
- (k) "Grant Agreement" means a written agreement for a Grant entered into between a Grantee and the Authority.

- (l) “Ineligible Cost” means funds for expenses associated with:
  - (1) Work completed prior to Grant funding.
  - (2) Replacement of otherwise existing sources of funding for existing staff positions.
- (m) “Infill Development” means development or redevelopment of unused, underutilized, or existing properties within established urban and/or rural neighborhoods or communities, where those neighborhoods or communities are already served with streets, water, sewer and other public services.
- (n) “Lack of Resources” means that Alternative Funding Sources are unavailable to fund all, or a portion, of the Project for which program funds are being sought as demonstrated by an Applicant pursuant to section 8112(d)(2) hereof.
- (o) “Outside Reviewer” means an individual that meets all of the following requirements:
  - (1) Does not have any direct or beneficial interest in real property located in any Project Area(s) included in an Application;
  - (2) Is not the owner or employee of, the holder of a management position in, or in receipt of or in expectation of the receipt of income from any entity located, or otherwise having any business or property interest in any Project Area(s) included in an Application;
  - (3) Does not accept, or agree to accept, any payment that is in any way contingent upon the outcome of a report, evaluation, assessment, analysis, or award of a Grant or Loan in connection with an Application.
- (p) “Project” means the Applicant’s proposal for one or more of the following:
  - (1) Developing and implementing policies, programs and projects that reduce pollution hazards and the degradation of the environment within existing neighborhoods/communities;
  - (2) Assisting one or more California neighborhoods that are Economically Distressed;
  - (3) Promoting Infill Development.
- (q) “Project Area” means a defined geographical area for which an Applicant proposes a Project or which the Applicant demonstrates will benefit from the Project.
- (r) “Project Period” means a defined beginning and end date for implementation of the Project by which time all program funds must be expended.
- (s) “Sustainable Development” means a Project that meets one or more of the following objectives:
  - (1) Develops and implements growth policies, programs and projects that reduce pollution hazards and the degradation of the environment;
  - (2) Promotes Infill Development;
  - (3) Promotes economic development within Economically Distressed communities;
  - (4) Promotes land use and policies, programs and projects that support alternative transportation options;
  - (5) Ensures a proper mix of business and housing, including affordable housing, in communities and neighborhoods;
  - (6) Balances job growth with new housing;
  - (7) Encourages communities centered around civic spaces;

(8) Ensures more efficient, well-planned higher density use of land; and

(9) Protects environmental resources.

Note: Authority cited: Sections 44520(a), Health and Safety Code. Reference: Sections 44501, 44502, 44526(g), and 44526(i), Health and Safety Code.

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**§ 8111. Funding Eligibility.**

- (a) An Applicant may be eligible to receive funding when the Authority determines that:
  - (1) The Applicant has submitted an Application that meets the requirements of Section 8112.
  - (2) The Applicant proposes a Project;
  - (3) The funds are requested to finance Eligible Costs associated with a Project;
  - (4) The Applicant demonstrates the ability to gather likely sources of capital to complete the Project.
  - (5) The Applicant receives a minimum passing score as set forth in section 8113(d) hereof.
- (b) Applicants may submit only one Application for program funds.

Note: Authority cited: Sections 44520(a), Health and Safety Code. Reference: Sections 44501, 44502, 44526(g), and 44526(i), Health and Safety Code.

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**§ 8112. Project Application Content.**

The Application shall include all of the following information:

- (a) An Application checklist that generally describes the type and order of information that must be provided to ensure that the Applicant submits a complete Application package.
- (b) An Application cover sheet with:
  - (1) The Project name;
  - (2) Applicant information including (a) Applicant name(s), address(es), telephone numbers and (b) contact person name, title and telephone numbers;
  - (3) Project location information including city, county, zip code and Project Area descriptions including Project site address(es), if applicable;
  - (4) Funding information including requested funding amount, type of funding requested (i.e., Grant and/or Loan), other non-program funding amount(s) and total cost of Project; and
  - (5) Applicant certification that declares under the penalty of perjury that the information contained in the Application, exhibits, and attachments is true and correct to the best of Applicant's knowledge and belief and that Applicant understands that misrepresentation may result in the cancellation of the approved funding, and other actions, which the Authority may take.
  - (6) A statement that the Authority reserves the right to request additional information for its review.
- (c) A Project description that includes (a) a description of the Project's expected outcomes and benefits and (b) cross-references to any supporting documentation, such as plans, pictures, drawings or other relevant information, included with the Application.
- (d) An eligibility and funding priority worksheet that:
  - (1) Includes a description of which eligibility criteria the Project meets and how the Project qualifies under the criteria described in section 8110(p) hereof; and
  - (2) Includes a description of whether there exists a Lack of Resources to develop and implement sustainable development and other sound environmental policies, programs and projects. In order to receive funding priority, Applicants must make a case as to the reason(s) that Alternative Funding Sources are not available, or are insufficient, for the Project by describing:
    - (A) any Alternative Funding Sources that may ordinarily be available for the Project and the actions that have been taken to access such Alternative Funding Sources for the Project and
    - (B) why Alternative Funding Sources are unavailable or are insufficient for the Project.
- (e) Project evaluation information with supporting documentation that:
  - (1) Describes how the Project promotes one or more Sustainable Development objectives (75 points).
  - (2) Describes how the Project promotes economic development within Economically Distressed communities (30 points) including:
    - (A) whether the project creates, or assists in creating employment for existing residents;

- (B) whether the project improves the infrastructure and or the quality of life of the community/neighborhood to enhance its economic competitiveness;
  - (C) whether the project builds on or establishes relationships with local employment and training entities (e.g. One Stop Career Center, Pilot Regional Collaborative under the Regional Workforce Preparation and Economic Development Act, Workforce Investment Board, the Employment Development Department, and others) to link local job seekers with employment opportunities.
- (3) Describes how the Project incorporates creative approaches (15 points) including:
- (A) whether the Project provides a creative solution to an existing or a projected problem or demonstrates a new or innovative approach to planning and/or implementation;
  - (B) whether the Project involves multiple jurisdictions (more than one county or city, or federal, state, regional, or local government); and
  - (C) a description of any other creative features of the expected outcome(s) of the Project.
- (4) Describes the likelihood that the Project's expected outcomes will be implemented (15 points) including:
- (A) Identification and discussion of the financial feasibility, the practicality, the timing and the probability of implementing the Project's expected outcomes (e.g., the plan, idea or strategy being advanced by the Project); and
  - (B) Identification of community support for the Project's expected outcomes. This may include letters of support from community interests and co-sponsors that specifically reference community needs and the expected impacts of the Project. It may also include news articles, petitions, and any other representative information.
- (5) A description of how the Project demonstrates applicability to other communities by identifying the applicability and transferability of the proposed Project elements to other communities (15 points).
- (f) Project budget sheet that identifies all Eligible Costs and Ineligible Costs for the proposed Project including:
- (1) Identifying the cost category;
  - (2) A description of the activities associated with the cost;
  - (3) Indication of whether the cost will be paid from program funding and/or Alternative Funding Sources;
  - (4) Indication of total cost(s) for that category.
- (g) A detailed Project timeline for implementing and completing the proposed Project. The timeline should identify the activities, benchmarks, and products to be produced.
- (h) Complete resumes of all staff and/or consultants who will be involved in implementing the Project described in the Application.
- (i) Supporting Project documentation (maps, surveys, reports, etc.).

Note: Authority cited: Sections 44520(a), Health and Safety Code. Reference: Sections 44501, 44502, 44526(g), and 44526(i), Health and Safety Code.

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**§ 8113. Application Availability and Submission, Project Selection Process and Project Evaluation Process.**

- (a) **Application Availability.** The Application shall contain the information set forth in Section 8112.
- (b) **Application Submission.** Applications must be submitted in duplicate to the Authority by the application deadlines published by the Authority. The first Application deadline shall occur in June 2002; thereafter, Application deadlines shall occur at least on a semi-annual basis until program funding is exhausted.
- (c) **Project Selection Process.** Authority staff shall:
  - (1) First determine if the Application meets the First Priority for funding.
  - (2) Next screen applications that meet the First Priority threshold to determine:
    - (A) Applicant eligibility, and
    - (B) Project eligibility.
  - (3) Evaluate and rank on a competitive basis Applications designated First Priority per the criteria in section (d) hereof. Authority staff may include additional Outside Reviewers to assist with scoring Applications.
  - (4) Screen and evaluate Applications not designated as First Priority as follows:
    - (A) After Applications that satisfy the First Priority designation are evaluated and ranked per subsection (c)(3) hereof and
    - (B) If Authority staff's funding recommendations to the Authority board for First Priority Applicants do not exceed the maximum funding availability for the program. If additional funding is available, the remaining Applications will be screened to determine Applicant and Project eligibility and will be evaluated as described in subsection (c)(3) above.
- (d) **Project Evaluation Process.** Authority staff shall evaluate and score Applications on a competitive basis. Each Application will be evaluated based on how well the project:
  - (1) Demonstrates Sustainable Development—75 points (50% of Score);
  - (2) Contributes to economical development within Economically Distressed communities—30 points (20% of Score);
  - (3) Incorporates creative approaches—15 points (10% of Score);
  - (4) Demonstrates likelihood that the Project's expected outcome(s) will be implemented—15 points (10% of Score); and
  - (5) Demonstrates applicability to other communities—15 points (10% of Score).

Projects must receive a minimum score of 70% (i.e., receive at least 105 of 150 points) to receive funding. Those Projects that receive a score of less than 70% will be ineligible to receive any funding.
- (e) All Applications that receive a minimum score of 70% as evaluated by Authority staff shall be submitted to the Executive Director who will determine which Projects to recommend to the Authority for funding based on the Authority staff's evaluation. The Executive Director shall notify the Applicant by fax that either:
  - (1) The Applicant's Project will be recommended for grant funding to the Authority; or

- (2) The Applicant's Project will not be recommended for grant funding to the Authority.
- (f) The Authority staff may invite Outside Reviewers to review, evaluate and score Applications pursuant to this section. To the extent Outside Reviewers are utilized, no fewer than two Outside Reviewers will review any one Application.

Note: Authority cited: Sections 44520(a), Health and Safety Code. Reference: Sections 44501, 44502, 44526(g), and 44526(i), Health and Safety Code.



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**§ 8114. Authority Approval and Commitment Letter.**

- (a) **Authority Approval.** No later than ninety (90) days following receipt of an Application, the Executive Director will determine which Projects to recommend to the Authority for grant funding pursuant to section 8113(e) hereof. The Authority shall make the final determination as to which Applications will receive program funding. The Authority shall notify each Applicant whether or not its Application has been approved for funding.
- (b) **Commitment Letter.** If funding is approved, the Authority shall notify the Applicant by a letter committing the Authority to provide Grant funds so long as the Applicant strictly complies with the terms and conditions contained therein. The commitment letter shall include all of the following:
- (1) Name(s) of the Grantee.
  - (2) Grant amount and term.
  - (3) A description of Eligible Costs to be financed.
  - (5) Disbursement process, including a statement that proceeds shall be disbursed on a reimbursement basis.
  - (6) Conditions and covenants.
  - (7) The date when the commitment expires.
  - (8) Such other items as may relate specifically to a Project and/or Applicant.
  - (9) A statement that the Authority reserves the right to modify or cancel the commitment upon failure of the Applicant to execute a Grant Agreement that includes all of the terms and conditions set forth in the commitment letter, or if the Authority becomes aware of any matter which, if known at the time of Application review or approval, would have resulted in the Application not being approved.

Note: Authority cited: Sections 44520(a), Health and Safety Code. Reference: Sections 44501, 44502, 44526(g), and 44526(i), Health and Safety Code.

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**§ 8115. Grant Agreements.**

The terms and conditions of a Grant shall be set forth in a Grant Agreement executed by the Borrower and shall include all of the following terms and conditions:

- (a) A Grant amount not greater than three hundred fifty thousand dollars (\$350,000) for Eligible Costs with respect to a Project;
- (b) A Grant disbursement period not to exceed thirty-six (36) months from the execution date of the Grant Agreement;
- (c) Disbursement procedures pursuant to Section 8116;
- (d) A provision that any unused Grant funds shall revert to the Authority;
- (e) Agreement to comply with the Authority's program statutes and regulations;
- (f) Agreement that the Grantee will defend, indemnify and hold harmless the Authority and the State, and all officers, trustees, agents and employees of the same, from and against any and all claims, losses, costs, damages, or liabilities of any kind or nature, whether direct or indirect, arising from or relating to the Grant, the Project or this program;
- (g) Agreement to comply with laws outlawing discrimination including, but not limited to those prohibiting discrimination because of sex, race, color, ancestry, religion, creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer or genetic characteristics), sexual orientation, political affiliation, position in a labor dispute, age, marital status, and denial of statutorily-required employment-related leave;
- (h) Agreement that continued compliance with program requirements is the Grantee's responsibility;
- (i) Agreement that the Grant shall only be used for Eligible Costs as described in the Grantee's Application;
- (j) Any other provision agreed to by the parties.

Note: Authority cited: Sections 44520(a), Health and Safety Code. Reference: Sections 44501, 44502, 44526(g), and 44526(i), Health and Safety Code.

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**§ 8116. Conditions of Funds Disbursement, Funds Disbursement.**

- (a) **Conditions of Funds Disbursement.** The Authority shall not disburse funds unless the Applicant has executed a Grant Agreement and any other documents, as required to verify to the satisfaction of the Authority any information asserted in the Applicant's Application, and is in compliance with all conditions precedent to disbursement contained in the aforementioned agreement.
- (b) **Funds Disbursement.** The Authority shall cause funds to be disbursed as follows:
  - (1) For Eligible Costs covered by the Grant Agreement, the Grantee shall sign and submit to the Authority either:
    - (a) a signed invoice documenting the service or procedure performed from entities providing materials and services, or
    - (b) documentation of pending expenditure to receive funds on a prospective basis
  - (2) Upon receipt of the documentation described in subsection (b)(1) hereof, the Authority, in its sole discretion, shall authorize the disbursement of funds to the Grantee.

Note: Authority cited: Sections 44520(a), Health and Safety Code. Reference: Sections 44501, 44502, 44526(g), and 44526(i), Health and Safety Code.

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**§ 8117 Reports, Certificate of Completion and Records Retention.**

- (a) **Reports.** A Grantee shall provide quarterly status reports to the Authority that shall include:
- (1) A description of activities performed for the Project for the previous three months;
  - (2) An estimated time schedule for completion of the Project;
  - (3) A description of remaining work to be completed for the Project; and
  - (4) A description of whether the Project is meeting the proposed budget and if not the reasons for any differences and what actions will be taken to insure that the Project will be completed.
- (b) **Certificate of Completion.** Upon completion of the Project, a Grantee shall certify to the Authority that the Project is complete and provide a final report that describes the result(s) of the Project.
- (c) **Records Retention.** Recipients shall retain all program and financial data necessary to substantiate the purposes for which the funds were spent for a period of three years after the certification of completion of the project has been submitted. Recipients shall provide supporting documentation (e.g. progress reports, project work plan, program budget, receipts, etc.) upon request to the Authority staff.

Note: Authority cited: Sections 44520(a), Health and Safety Code. Reference: Sections 44501, 44502, 44526(g), and 44526(i), Health and Safety Code.

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**Article 11. Sustainable Communities Grant and Loan Program—Loans**

**§ 8118. Definitions.**

The following definitions shall govern construction of Article 11.

- (a) "Alternative Funding Sources" means the Applicant's internal sources of funds typically used to fund projects similar to the Applicant's Project and other state, federal, local or private sources of funds that are be available for similar projects.
- (b) "Applicant" means any county, city and county, or city applying for program funding. The Applicant may partner with a public entity including, but not limited to, a redevelopment agency or joint powers authority.
- (c) "Application" means the information referred to in Section 8120.
- (d) "Authority" means the California Pollution Control Financing Authority, organized and existing under and by virtue of Division 27 (commencing with Section 44500) of the California Health and Safety Code.
- (e) "Borrower" means an Applicant whose Loan has been approved and who has executed a Loan Agreement.
- (f) "Economically Distressed" means high unemployment levels, low-income levels, and/or high poverty.
- (g) "Executive Director" means the Executive Director of the California Pollution Control Financing Authority.
- (h) "Eligible Costs" means reasonable and necessary Project costs that may include, but not be limited to, costs associated with any of the following:
  - (1) The planning and implementation processes for programs, plans (e.g., general plans, or portions thereof; specific plans, or portions thereof; alternative transportation studies; finance plans; redevelopment plans; engineering studies; the hiring of consultants to assist in the planning process; or similar type expenses).
  - (2) Costs associated with funding projects such as a community center, park enhancements, or infrastructure improvements that are key elements of a comprehensive community or neighborhood sustainable development project.
  - (3) Costs associated with facilitating public involvement (e.g., public hearings, information meetings, or similar type activities) related to developing policies, programs and projects.
  - (4) Costs associated with hiring technical experts to identify, assess, and complete applications for state, federal and private economic assistance programs that fund sustainable development and sound environmental policies and programs.
  - (5) Travel, telephone, postage and similar administrative expenses directly related to the project.
  - (6) Staff time (including staff training expenses) directly related to the Project.
- (i) "First Priority" means Applicants that establish a case that there exists a Lack of Resources to complete their Projects.
- (j) "Ineligible Cost" means funds for expenses associated with:
  - (1) Work completed prior to loan funding.
  - (2) Replacement of otherwise existing sources of funding for existing staff positions.

- (k) “Infill Development” means development or redevelopment of unused, underutilized, or existing properties within established urban and/or rural neighborhoods or communities, where those neighborhoods or communities are already served with streets, water, sewer and other public services.
- (l) “Lack of Resources” means that Alternative Funding Sources are unavailable to fund all, or a portion, of the Project for which program funds are being sought as demonstrated by an Applicant pursuant to section 8120(d)(2) hereof.
- (m) “Loan” means a loan made in accordance with the procedures set forth in this Article 11.
- (n) “Loan Agreement” means a written agreement for a Loan entered into between a Borrower and the Authority.
- (o) “Outside Reviewer” means an individual that meets all of the following requirements:
  - (1) Does not have any direct or beneficial interest in real property located in any Project Area(s) included in an Application
  - (2) Is not the owner or employee of, the holder of a management position in, or in receipt of or in expectation of the receipt of income from any entity located, or otherwise having any business or property interest in any Project Area(s) included in an Application;
  - (3) Does not accept, or agree to accept, any payment that is in any way contingent upon the outcome of a report, evaluation, assessment, analysis, or award of a Grant or Loan in connection with an Application.
- (p) “Project” means the Applicant’s proposal for one or more of the following:
  - (1) Developing and implementing policies, programs and projects that reduce pollution hazards and the degradation of the environment within existing neighborhoods/communities;
  - (2) Assisting one or more California neighborhoods that are Economically Distressed;
  - (3) Promoting Infill Development.
- (q) “Project Area” means a defined geographical area for which an Applicant proposes a Project or which the Applicant demonstrates will benefit from the Project.
- (r) “Project Period” means a defined beginning and end date for implementation of the Project by which time all program funds must be expended.
- (s) “Sustainable Development” means a Project that meets one or more of the following objectives:
  - (1) Develops and implements growth policies and programs that reduce pollution hazards and the degradation of the environment;
  - (2) Promotes Infill Development to revitalize communities;
  - (3) Promotes economic development within Economically Distressed communities;
  - (4) Promotes land use policies, programs and projects that support alternative transportation options;
  - (5) Ensures a proper mix of business and housing, including affordable housing, in communities and neighborhoods;
  - (6) Balances job growth with new housing;
  - (7) Encourages communities centered around civic spaces;
  - (8) Ensures more efficient, well-planned higher density use of land; and

(9) Protects environmental resources.

Note: Authority cited: Sections 44520(a) and 44520(c), Health and Safety Code. Reference: Sections 44501, 44502, 44526(g), and 44526(i), Health and Safety Code.

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**§ 8119. Funding Eligibility.**

- (a) An Applicant may be eligible to receive funding when the Authority determines that:
  - (1) The Applicant has submitted an Application that meets the requirements of Section 8120.
  - (2) The Applicant proposes a Project;
  - (3) The funds are requested to finance Eligible Costs associated with a Project;
  - (4) The Applicant demonstrates the ability to gather likely sources of capital to complete the Project.
  - (5) The Applicant receives a minimum passing score as set forth in section 8121 hereof.
- (b) Applicants may submit only one Application for program funds.

Note: Authority cited: Sections 44520(a) and 44520(c), Health and Safety Code. Reference: Sections 44501, 44502, 44526(g), and 44526(i), Health and Safety Code.



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**§ 8120. Project Application Content.**

The Application shall include all of the following information:

- (a) An Application checklist that generally describes the type and order of information that must be provided to ensure that the Applicant submits a complete Application package.
- (b) An Application cover sheet with:
  - (1) The Project name;
  - (2) Applicant information including (a) Applicant name, address, telephone numbers and (b) contact person name, title and telephone numbers;
  - (3) Project location information including city, county, zip code, Project Area descriptions and Project site address(es), if applicable;
  - (4) Funding information including requested funding amount, type of funding requested (i.e., Grant and/or Loan), other non-program funding amount(s) and total cost of Project; and
  - (5) Applicant certification that declares under the penalty of perjury that the information contained in the Application, exhibits, and attachments is true and correct to the best of Applicant's knowledge and belief and that Applicant understands that misrepresentation may result in the cancellation of the approved funding, and other actions, which the Authority may take.
  - (6) A statement that the Authority reserves the right to request additional information for its review.
- (c) A Project description that includes (a) a description of the Project's expected outcomes and benefits and (b) cross-references to any supporting documentation, such as plans, pictures, drawings or other relevant information, included with the Application.
- (d) An eligibility and funding priority worksheet that:
  - (1) Includes a description of which eligibility criteria the Project meets and how the Project qualifies under the criteria described in section 8118(p) hereof; and
  - (2) Includes a description of whether there exists a Lack of Resources to develop and implement sustainable development and other sound environmental policies, programs and projects. In order to receive funding priority, Applicants must make a case as to the reason(s) that Alternative Funding Sources are not available, or are insufficient, for the Project by describing:
    - (A) any Alternative Funding Sources that may ordinarily be available for the Project and the actions that have been taken to access such Alternative Funding Sources for the Project and
    - (B) why Alternative Funding Sources are unavailable or are insufficient for the Project.
- (e) Project evaluation information with supporting documentation that:
  - (1) Describes how the Project promotes one or more Sustainable Development objectives (75 points).
  - (2) Describes how the Project promotes economic development within Economically Distressed communities (30 points) including:
    - (A) whether the project creates, or assists in creating employment for existing residents;

- (B) whether the project improves the infrastructure and or the quality of life of the community/neighborhood to enhance its economic competitiveness;
  - (C) whether the project builds on or establishes relationships with local employment and training entities (e.g. One Stop Career Center, Pilot Regional Collaborative under the Regional Workforce Preparation and Economic Development Act, Workforce Investment Board, the Employment Development Department, and others) to link local job seekers with employment opportunities.
- (3) Describes how the Project incorporates creative approaches (15 points) including:
- (A) whether the Project provides a creative solution to an existing or a projected problem or demonstrates a new or innovative approach to planning;
  - (B) whether the Project involves multiple jurisdictions (more than one county or city, or federal, state, regional, or local government); and
  - (C) a description of any other creative features of the expected outcome(s) of the Project.
- (4) Describes the likelihood that the Project's expected outcomes will be implemented (15 points) including:
- (A) Identification and discussion of the financial feasibility, the practicality, the timing and the probability of implementing the Project's expected outcomes (e.g., the plan, idea or strategy being advanced by the Project).
  - (B) Identification of community support for the Project's expected outcomes. This may include letters of support from community interests and co-sponsors that specifically reference community needs and the expected impacts of the Project. It may also include news articles, petitions, and any other representative information.
- (5) A description of how the Project demonstrates applicability to other communities by identifying the applicability and transferability of the proposed Project elements to other communities (15 points).
- (f) Project budget sheet that identifies all Eligible Costs and Ineligible Costs for the proposed Project including:
- (1) Identifying the cost category;
  - (2) A description of the activities associated with the cost;
  - (3) Indication of whether the cost will be paid from program funding and/or Alternative Funding Sources;
  - (4) Indication of total cost(s) for that category.
- (g) A detailed Project timeline for implementing and completing the proposed Project. The timeline should identify the activities, benchmarks, and products to be produced.
- (h) Complete resumes of all staff and/or consultants who will be involved in implementing the Project described in the Application.
- (i) Supporting Project documentation (maps, surveys, reports, etc.).

Note: Authority cited: Sections 44520(a) and 44520(c), Health and Safety Code. Reference: Sections 44501, 44502, 44526(g), and 44526(i), Health and Safety Code.

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**§ 8121. Application Availability and Submission, Project Selection Process and Project Evaluation Process.**

- (a) **Application Availability.** The Application shall contain the information set forth in Section 8120.
- (b) **Application Submission.** Applications must be submitted in duplicate to the Authority by the application deadlines published by the Authority. The first Application deadline shall occur in June 2002; thereafter, Application deadlines shall occur at least on a semi-annual basis until program funding is exhausted.
- (c) **Project Selection Process.** Authority staff shall:
  - (3) First determine if the Application meets the First Priority for funding.
  - (4) Next screen applications that meet the First Priority threshold to determine:
    - (A) Applicant eligibility, and
    - (B) Project eligibility.
  - (3) Evaluate and rank on a competitive basis Applications designated First Priority per the criteria in section (d) hereof. Authority staff may include additional Outside Reviewers to assist with scoring Applications.
  - (4) Screen and evaluate Applications not designated as First Priority as follows:
    - (A) After Applications that satisfy the First Priority designation are evaluated and ranked per subsection (c)(3) hereof and
    - (B) if Authority staff's funding recommendations to the Authority board for First Priority Applicants do not exceed the maximum funding availability for the program. If additional funding is available, the remaining Applications will be screened to determine Applicant and Project eligibility and will be evaluated as described in subsection (c)(3) above.
- (d) **Project Evaluation Process.** Authority staff shall evaluate and score Applications on a competitive basis. Each Application will be evaluated based on how well the project:
  - (1) Demonstrates Sustainable Development—75 points (50% of Score);
  - (2) Contributes to economical development within Economically Distressed communities—30 points (20% of Score);
  - (3) Incorporates creative approaches—15 points (10% of Score);
  - (4) Demonstrates likelihood that the Project's expected outcome(s) will be implemented—15 points (10% of Score);
  - (5) Demonstrates applicability to other communities—15 points (10% of Score); and

Projects must receive a minimum score of 70% (i.e., receive at least 105 of 150 points) to receive funding. Those Projects that receive a score of less than 70% will be ineligible to receive any funding.
- (e) All Applications that receive a minimum score of 70% as evaluated by Authority staff shall be submitted to the Executive Director who will determine which Projects to recommend to the Authority for funding based on the Authority staff's evaluation. The Executive Director shall notify the Applicant by fax that either:
  - (1) The Applicant's Project will be recommended for loan funding to the Authority; or

- (2) The Applicant's Project will not be recommended for loan funding to the Authority.
- (f) The Authority staff may invite Outside Reviewers to review, evaluate and score Applications pursuant to this section. To the extent Outside Reviewers are utilized, no fewer than two Outside Reviewers will review any one Application.

Note: Authority cited: Sections 44520(a) and 44520(c), Health and Safety Code. Reference: Sections 44501, 44502, 44526(g), and 44526(i), Health and Safety Code.

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**§ 8122. Authority Approval and Commitment Letter.**

- (a) **Authority Approval.** No later than ninety (90) days following receipt of an Application, the Executive Director will determine which Projects to recommend to the Authority for loan funding pursuant to section 8121(e) hereof. The Authority shall make the final determination as to which Applications will receive program funding. The Authority shall notify each Applicant whether or not its Application has been approved for funding.
- (b) **Commitment Letter.** If funding is approved, the Authority shall notify the Applicant by a letter committing the Authority to provide Loan funds so long as the Applicant strictly complies with the terms and conditions contained therein. The commitment letter shall include all of the following:
- (1) Name(s) of the Borrower.
  - (2) Loan amount and term.
  - (3) A description of Eligible Costs to be financed.
  - (4) Disbursement process, including a statement that proceeds shall be disbursed on a reimbursement basis.
  - (5) Conditions and covenants.
  - (6) The date when the commitment expires.
  - (7) Such other items as may relate specifically to a Project and/or Applicant.
  - (8) A statement that the Authority reserves the right to modify or cancel the commitment upon failure of the Applicant to execute a Loan Agreement that includes all of the terms and conditions set forth in the commitment letter, or if the Authority becomes aware of any matter which, if known at the time of Application review or approval, would have resulted in the Application not being approved.

Note: Authority cited: Sections 44520(a) and 44520(c), Health and Safety Code. Reference: Sections 44501, 44502, 44526(g), and 44526(i), Health and Safety Code.

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**§ 8123. Loan Agreements.**

The terms and conditions of a Loan shall be set forth in a Loan Agreement executed by the Borrower and shall include all of the following terms and conditions:

- (a) A Loan amount not greater than one hundred fifty thousand dollars (\$150,000) for Eligible Costs with respect to a Project;
- (b) A Loan disbursement period not to exceed thirty-six (36) months from the execution date of the Loan Agreement;
- (c) A Loan term not to exceed sixty (60) months;
- (d) A Loan interest rate that bears zero (0%) interest;
- (e) Full repayment of the Loan will be due at maturity with no prepayment penalties;
- (f) Disbursement procedures pursuant to Section 8124;
- (g) A provision that any unused Loan funds shall revert to the Authority;
- (h) Agreement to comply with the Authority's program statutes and regulations;
- (i) Agreement that the Borrower will defend, indemnify and hold harmless the Authority and the State, and all officers, trustees, agents and employees of the same, from and against any and all claims, losses, costs, damages, or liabilities of any kind or nature, whether direct or indirect, arising from or relating to the Loan, the Project or this program;
- (j) Agreement to comply with laws outlawing discrimination including, but not limited to those prohibiting discrimination because of sex, race, color, ancestry, religion, creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer or genetic characteristics), sexual orientation, political affiliation, position in a labor dispute, age, marital status, and denial of statutorily-required employment-related leave;
- (k) Agreement that continued compliance with program requirements is the Borrower's responsibility;
- (l) Agreement that the Loan shall only be used for Eligible Costs as described in the Borrower's Application;
- (m) Any other provision agreed to by the parties.

Note: Authority cited: Sections 44520(a) and 44520(c), Health and Safety Code. Reference: Sections 44501, 44502, 44526(g), and 44526(i), Health and Safety Code.

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**§ 8124. Conditions of Funds Disbursement, Funds Disbursement.**

- (a) **Conditions of Funds Disbursement.** The Authority shall not disburse funds unless the Applicant has executed a Loan Agreement and any other documents, as required to verify to the satisfaction of the Authority any information asserted in the Applicant's Application, and is in compliance with all conditions precedent to disbursement contained in the aforementioned agreement.
- (b) **Funds Disbursement.** The Authority shall cause funds to be disbursed as follows:
  - (1) For Eligible Costs covered by the Loan Agreement, the Borrower shall sign and submit to the Authority either:
    - (a) a signed invoice documenting the service or procedure performed from entities providing materials and services, or
    - (b) documentation of pending expenditure to receive funds on a prospective basis
  - (2) Upon receipt of the documentation described in subsection (b)(1) hereof, the Authority, in its sole discretion, shall authorize the disbursement of funds to the Borrower.

Note: Authority cited: Sections 44520(a) and 44520(c), Health and Safety Code. Reference: Sections 44501, 44502, 44526(g), and 44526(i), Health and Safety Code.

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**§ 8125 Reports, Certificate of Completion and Records Retention.**

- (a) **Reports.** A Borrower shall provide a quarterly status report to the Authority that shall include:
- (1) A description of activities performed for the Project for the previous three months;
  - (2) An estimated time schedule for completion of the Project;
  - (3) A description of remaining work to be completed for the Project; and
  - (4) A description of whether the Project is meeting the proposed budget and if not the reasons for any differences and what actions will be taken to insure that the Project will be completed.
- (b) **Certificate of Completion.** Upon completion of the Project, a Grantee shall certify to the Authority that the Project is complete and provide a final report that describes the result(s) of the Project.
- (c) **Records Retention.** Recipients shall retain all program and financial data necessary to substantiate the purposes for which the funds were spent for a period of three years after the certification of completion of the project has been submitted. Recipients shall provide supporting documentation (e.g. progress reports, project work plan, program budget, receipts, etc.) upon request to the Authority staff.

Note: Authority cited: Sections 44520(a) and 44520(c), Health and Safety Code. Reference: Sections 44501, 44502, 44526(g), and 44526(i), Health and Safety Code.